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Contract and Grant Fraud

In September 2021, May Salahi, a former Department employee, pled guilty to conspiracy to commit honest services fraud. As a technical expert, Salahi was involved in evaluating bids for critical overseas government construction projects such as U.S. embassies and consulates. OIG and Internal Revenue Service special agents determined that Salahi gave confidential inside bidding information to Sina Moayed, the owner of Montage Incorporated, and received \$60,000 in kickback payments in return. This occurred in 2016, when Salahi was serving as a Technical Evaluation Panel Chair. Sentencing is pending. Previously, in May 2021, Moayed was arrested and charged with one count of wire fraud and one count of conspiracy to commit wire fraud in connection with a bribery scheme. Agents determined Moayed paid Salahi bribes in exchange for confidential bidding information and that he made misrepresentations about his employees' qualifications to induce the Department into awarding approximately \$100 million in lucrative construction contracts to his company.

In September 2021, Olayinka Agboola pled guilty to engaging in monetary transactions in property derived from specified unlawful activity. Sentencing is pending. A year earlier (October 2020), Agboola, Linda Johnson, and Wanda Barker were indicted for using a business email compromise scheme to defraud the Department. OIG and FBI special agents determined the individuals tricked the Department and a non-profit agency into wiring at least \$575,000 into bank accounts they controlled for the purpose of enriching themselves and their co-conspirators.

In September 2021, Elmer Baker, a former project manager of a construction company, was sentenced to approximately 30 months in prison, 3 years of probation, and ordered to pay \$309,000 in restitution. Baker previously pled guilty to one count of conspiracy to violate the anti-kickback statute and four counts of wire fraud for his role in a scheme to overbill a General Services Administration (GSA) contract for work performed on a Department facility. GSA, FBI, and OIG special agents determined that after Baker's company awarded a construction subcontract on the facility, he began receiving kickbacks in the form of meals and vacations. Baker later began demanding monetary kickbacks and tried to cover his tracks by sending the subcontractor fake invoices to make it appear as though payments were for legitimate work.

In August 2021, a company president and four of his employees were sentenced for engaging in an extensive procurement fraud scheme involving more than \$7 million in government contracts. These contracts targeted the Department of Defense, Department of State, and other federal government agencies. The owner was sentenced to 58 months in prison, and his four employees were sentenced to a combined 93 months in prison. OIG special agents, in a joint investigation with the Defense Criminal Investigative Service and other agencies, determined that the company falsely declared goods pertaining to Department contracts were in compliance with the Buy America Act when in fact they were not. The co-conspirators fraudulently imported goods into the United States that were made in prohibited countries, then falsely relabeled the goods as if they were made in the United States. In December 2020, the individuals pled guilty to conspiring to defraud the United States.

In July 2021, Roudy Pierre-Louis pled guilty to one count of wire fraud in South Carolina District Court in Charleston. OIG special agents, working jointly with special agents from the Army's Criminal Investigation Command and the Defense Criminal Investigative Service, determined that, from 2015 through 2018, Pierre-Louis, a former Budget Analyst in the United States Embassy in Haiti, forged the names

of U.S. Southern Command military commanders on vouchers he created. This was done to obtain cash from the U.S. Embassy as a trusted employee. Sentencing is pending.

In July 2021, Paul Guertin, a former Foreign Service Officer, was arrested for intentionally concealing information on his SF-86 background investigation questionnaires and in interviews with Department background investigators. OIG special agents determined Guertin withheld information about several categories of conduct. Such issues included an undisclosed sexual relationship with a Chinese national, whose U.S. visa application was adjudicated by Guertin while he was serving as a consular officer; undisclosed gambling debts; and an undisclosed \$225,000 loan from two Chinese nationals, who were directed by Guertin to provide \$45,000 of the initial disbursement in the form of cash in \$100 bills. Previously, in March 2021, Guertin was indicted for wire fraud and obstructing an official proceeding.

In accordance with a Federal Acquisition Regulation, OIG was alerted to a mandatory disclosure by a subcontractor on a Department contract of the possible inclusion of margin on certain charges, in violation of the contract. Upon investigation, it was determined that the subcontractor was in fact paid approximately \$78,388 in fees that should not have been charged. OIG coordinated with the Department to ensure resolution of this matter and learned the money has since been repaid.

In June 2021, Rita M. Starlipper, the former owner and chief executive officer (CEO) of a Government contracting firm, pleaded guilty to conspiracy to commit bribery and honest services mail fraud. She had participated in a bribery scheme with a former contracting officer (CO) for the U.S. Agency for Global Media (USAGM). OIG and FBI special agents determined that from late 2014 to 2016, Starlipper agreed to hire the contracting officer's relative for a job involving minimal work that resulted in payments of more than \$68,000. In exchange, the former CO took actions that benefited Starlipper and her company, including the awarding of a professional staffing contract worth millions of dollars. Sentencing is scheduled for November. Previously in March 2021, Diane Sturgis, a former USAGM contracting officer, was sentenced to 2 years in prison and ordered to pay \$45,000 in restitution and a \$10,000 fine for engaging in the bribery and procurement fraud scheme.

In June 2021, a CEO and his grantee organization were debarred for 3 years for demonstrating a willful failure to perform in accordance with the terms of one or more public agreements or transactions. OIG special agents determined the CEO used Department grant funds for personal use, including travel and the purchase of a vehicle. In addition, the CEO created false documents to inflate the expenses funded by grant money.

Sina Moayed, the owner of a construction company, was arrested and charged with one count of wire fraud and one count of conspiracy to commit wire fraud in connection with a bribery scheme. United States Attorney's Office, Internal Revenue Service and OIG special agents investigated allegations that Moayed made misrepresentations about employee qualifications and company ownership in order to induce the Department into awarding approximately \$100 million in lucrative construction contracts to his company, Montage Incorporated. Moayed also allegedly paid a Department employee lucrative bribes in exchange for confidential bidding information.

Katrin Verclas was sentenced to 728 days in prison, and her previous corporation, MobileActive, agreed to pay \$500,000 to settle a related civil complaint. Previously in January 2021, Verclas pled guilty to charges of obstruction of a federal audit and causing a financial institution to fail to file a suspicious activity report, relating to more than \$1.2 million in Department grant funds awarded to her corporation, MobileActive. OIG special agents determined that, from November 2010 through October 2012, she failed to disclose to the bank that many of the transactions involving the MobileActive business account were for her own personal gain rather than legitimate business purposes. Verclas, a German citizen living in the U.S., was initially arrested in March 2018 after her company had been awarded a grant to support and promote U.S. global internet freedom efforts under the guise that it was a 501(c)(3) nonprofit organization. OIG special agents determined the company was not a nonprofit organization and, thus, not eligible to apply for the grant.

Keith Fisher Sr. pled guilty to one count of mail fraud and for violating the conditions of his supervised release from a prior conviction. Naval Criminal Investigative Service, General Services Administration and OIG special agents determined that when Fisher was nearing the end a previous prison sentence, he used his company, Atlantic Safety Corporation, to bid on federal contracts through a reverse auction online marketplace that enables government agencies to post requirements for goods. His company won a contract award, then used an alias to subcontract with a thirdparty vendor to provide goods directly to the government agency. Fisher also made fraudulent representations to other potential subcontractor vendors about the creditworthiness and financial status of his company. Sentencing is pending.

In April 2021, two businesses and nine of their officers and managers located across the country were indicted for their roles in an alleged conspiracy to defraud the U.S. Government and commit various fraud and criminal immigration offenses for profit. OIG and special agents from Homeland Security Investigations and U.S. Citizenship and Immigration Services determined that, from an unknown date through May 2017, the defendants enriched themselves by participating in a scheme to recruit and hire noncitizen laborers. The defendants allegedly entered into contracts to provide hospitality-related businesses with lawful laborers to work in housekeeping, retail, and food service positions; however, they filled those positions with noncitizens who were not authorized to work in the United States.

In April 2021, three individuals were each debarred 3 years for submitting false claims to grant officials while supporting two grants in Afghanistan. OIG special agents determined that from June 2016 to June 2017, the individuals inflated employee salaries by over \$26,000 in support of a grant that was meant to help the Afghan government develop a national strategy for countering violent extremism. In addition, they claimed approximately \$147,000 for services performed under a grant meant to provide media communication training for Afghan women and politicians; however, the services were never provided.

In March 2021, Diane Sturgis, a former U.S. Agency for Global Media Contracting Officer, was sentenced to 2 years in prison and ordered to pay \$45,000 in restitution and a \$10,000 fine for engaging in a bribery and procurement fraud scheme. Previously, in July 2020, Sturgis pleaded guilty to conspiracy to commit bribery and honest services wire fraud. OIG and FBI special agents determined that Sturgis and an owner of a Virginia information and data management firm used a legitimate task order to hire her relative to fill a position in exchange for preferential treatment and the performance of official acts benefitting the firm. From December 2014 through June 2015, the firm issued four payments totaling \$30,000 to the former Contracting Officer's relative; however, no consulting work was performed in exchange for the payments.

In March 2021, two Foreign Service Officers agreed to pay more than \$13,033 to the U.S. Government to resolve issues related to fraud allegations regarding Department travel vouchers. OIG special agents determined that the married couple engaged in a scheme to defraud the Department by filing four travel vouchers that claimed lodging expenses they were not entitled to under Federal Travel Regulations. The fraud was committed from approximately September 2014 through April 2019. OIG's Office of General Counsel coordinated the Program Fraud Civil Remedies Act action that resulted in the settlement.

In February 2021, former Department grant recipient Oyetayo Fagbenro was sentenced to 366 days of confinement, 730 days of supervised release, and ordered to pay \$775,000 restitution. In December 2020, he had pled guilty to misappropriating \$775,000 in Department grant funds for his own purposes. OIG special agents determined Fagbenro falsely certified that he had complied with the terms and conditions of three grants that were to be used to build media operations centers in Afghanistan. Instead, he sent much of the money to friends, relatives, and entities unrelated to the grants.

In January 2021, Katrin Verclas pled guilty to charges of obstruction of a federal audit and causing a financial institution to fail to file a suspicious activity report, relating to more than \$1.2 million in Department grant funds awarded to her corporation, MobileActive. OIG special agents determined from November 2010 through October 2012 she failed to disclose to the bank that many of the transactions involving the MobileActive business account were for her own personal gain rather than legitimate business purposes. Verclas, a German citizen living in the U.S., was initially arrested in March 2018 after her company had been awarded a grant to support and promote U.S. global internet freedom efforts under the guise that it was a 501(c)(3) nonprofit organization. OIG special agents determined the company was not a nonprofit organization and, thus, not eligible to apply for the grant. A sentence is pending.

In December 2020, a former grant recipient pled guilty to misappropriating \$775,000 in Department grant funds for his own purposes. OIG special agents determined the recipient falsely certified that he had complied with the terms and conditions of three grants he was awarded to build media operations centers in Afghanistan. Instead, the recipient sent much of the money to persons and entities unrelated to the grants. Sentencing is pending.

In December 2020, a company owner pleaded guilty to a wire fraud charge in connection with federal contracts to provide helmets, body armor, and other items to military and other federal entities. OIG special agents, in a joint investigation with General Services Administration OIG and other agencies, determined the company falsified information to circumvent the Trade Agreements Act. The owner also pleaded guilty to illegal possession of a firearm by a prohibited person. Sentencing is pending.

In December 2020, a company president and three of his employees pled guilty to conspiring to defraud the United States. OIG special agents, in a joint investigation with the Defense Criminal Investigative Service and other agencies, determined that the company falsely

declared goods pertaining to Department contracts to evade the Buy America Act. The co-workers would fraudulently import goods into the United States that were made in prohibited countries, then falsely relabel these goods as if they were made in the United States. Sentencing is pending.

In November 2020, a Department contract company agreed to pay a \$25,000 administrative settlement to resolve allegations that it knowingly provided false information to the Department. OIG special agents determined the company did not comply with contractual obligations to ensure that U.S. embassy local guard force personnel were properly licensed to contract specifications. The OIG Office of General Counsel took the lead in coordinating the Program Fraud Civil Remedies Act settlement.

In November 2020, Workrite, an office furniture company, agreed to pay \$7.1 million to resolve allegations under the False Claims Act that it overcharged the Federal Government for office furniture under General Services Administration (GSA) contracts. OIG and GSA special agents determined Workrite provided office furniture to the Government from 2009 to 2017, and the settlement resolves allegations that lower prices were not extended to Government customers, as required by the GSA contract's price reduction clause.

In October 2020, the Department debarred two individuals and a company for their role in a wire fraud scheme. OIG special agents determined the company owner submitted an invoice to the Department that appeared to be from a company email address; however, the illegitimate address was used to divert a \$16,944 payment for personal use. In January 2020, the owner pled guilty to one count of wire fraud and in August 2020 his co-conspirator entered into a pre-trial diversion agreement and agreed to pay joint restitution. Sentencing is pending.

In October, a contractor agreed to pay more than \$240,000 to the U.S. Government to resolve issues related to inconsistent equipment purchasing practices on a Department contract. OIG special agents investigated this case, which culminated with OIG's Office of General Counsel seeking, through the Program Fraud Civil Remedies Act, an action resulting in the settlement payment by the contractor.

In October 2020, three individuals were indicted for using a business email compromise scheme, or BEC, to defraud the Department. OIG and FBI special agents determined the individuals tricked the Department and a nonprofit agency into wiring at least \$575,000 into bank accounts they controlled for the purpose of enriching themselves and their co-conspirators.

In July 2020, Diane Sturgis, a former U.S. Agency for Global Media Contracting Officer, pleaded guilty to conspiring to engage in a bribery scheme. OIG and Federal Bureau of Investigation special agents determined that Sturgis and an owner of a Virginia information and data management firm used a legitimate task order to hire her relative to fill a position in exchange for preferential treatment and the performance of official acts benefitting the firm. From December 2014 through June 2015, the firm issued four payments to Sturgis' relative totaling \$30,000. However, the relative performed no consulting work in exchange for these payments. Sentencing is scheduled for November.

In July 2020, Bernhardt Furniture Company agreed to pay \$172,000 in civil penalties to settle allegations involving violations of the Procurement Integrity Act relating to the company's receipt of competitor bid information and providing of gratuities to Department employees in connection with a Department contract. The settlement resolves civil penalty claims against Bernhardt relating to criminal pleas entered by Bernhardt Vice President of Sales Steven Anstine and Department procurement officials Patricia DeLaughter and Davina Foster.

In July 2020, a Federal grand jury indicted Cory Sanders on charges of wire fraud, false claims, and aggravated identity theft in connection with his companies' performance on Federal contracts. OIG, Department of Labor OIG, and Naval Criminal Investigative Service special agents determined that from 2015 through 2018, Sanders allegedly used his company to defraud multiple Federal agencies by providing false information about the delivery, source, and condition of the telecommunications equipment he sold. He also allegedly fabricated and forged certifications.

In June 2020, a Federal grand jury indicted Keith Fisher Sr., the former president of a company providing goods to Federal Government agencies, for trying to defraud businesses in connection with Government contracting. OIG, Naval Criminal Investigative Service, and General Services Administration OIG special agents found that, while on supervised release for conspiring to commit mail fraud, Fisher allegedly bid on Federal contracts by using an alias to subcontract with a third-party vendor to provide goods directly to the Government agency. In addition, he allegedly made false and fraudulent claims to other potential subcontractor vendors. Both Fisher and his company were debarred for 10 years.

In June 2020, Alutiiq International Solutions LLC (AIS) entered into a non-prosecution agreement and has agreed to pay over \$1.25 million to resolve a DOJ investigation into a kickback and fraud scheme on a contract to modernize the Department's Harry S. Truman Building in Washington, DC. According to AIS admissions in the non-prosecution agreement, former AIS project manager Elmer Baker began receiving kickbacks in 2010 from a subcontractor on the project in exchange for steering work to that subcontractor. By 2015, Baker began demanding cash kickbacks equivalent to 10 percent of the value of contract modifications awarded to the subcontractor. In May 2019, a Federal grand jury indicted Baker for conspiracy to violate the Anti-Kickback Act and wire fraud. Baker's trial is scheduled for December 2020. OIG, Federal Bureau of Investigation (FBI), and General Services Administration OIG special agents investigated this case.

In April 2020, OIG was notified that a grantee organization was ordered to return \$351,188 from a grant and \$893,784 from a co-operative agreement for failing to fulfill its obligation to organize and promote youth football throughout multiple provinces in Afghanistan. After receiving a referral from the Grants Officer and OIG's Office of Audits, OIG special agents determined the organization had been submitting false claims to the Department and trying to conceal its actions. The organization did not organize tournaments, purchase equipment, or provide training as promised but continued to invoice the Department as if the services were provided. In addition, the Department de-obligated \$392,536 from the grant and suspended three individuals and the grantee organization.

In April 2020, a contract company reimbursed the Department \$371,327 for overbilling. OIG special agents, in close coordination with the Contracting Officer, determined that a sub-contractor and two of its vendors overcharged the Department for contractor-related airline travel from December 2014 through February 2019.

In April 2020, a former Department contractor was ordered to pay \$630 as a result of unauthorized use and mishandling of Department equipment. OIG special agents concluded the contractor knowingly received and retained, without authorization, an Apple iPad and iPhone. In addition to failing to enter the equipment into the Department's inventory system, the contractor made misrepresentations and concealed material facts from OIG. In November 2019, the contractor was debarred for 3 years.

In August 2019, a former Department official pleaded guilty to disclosing confidential bid proposal information in an effort to help a furniture company executive win a lucrative contract. In June, the furniture company executive pleaded guilty to obtaining such bid proposals to win the contract to furnish a new U.S. embassy being constructed overseas. OIG special agents determined he had knowingly obtained bid prices and design plans of at least three competitors from two Department employees to achieve a competitive advantage. The information provided by the Department employees enabled the executive and his company to win the contract with a bid of approximately \$1.56 million.

In April 2019, a Department contracting officer (CO) was arrested and charged with conspiracy, bribery, honest services fraud, and making false statements. OIG and Federal Bureau of Investigation special agents determined that, from November 2012 to early 2017, the CO and the owner of a Turkish construction firm allegedly engaged in a bribery and procurement fraud scheme in which the CO received at least \$239,300 in cash payments from the business owner. In return, the CO supervised multimillion-dollar construction contracts awarded to the owner's business partners. The CO allegedly concealed the unlawful relationship by making false statements on financial disclosure forms and during background reinvestigations. The Bureau of Diplomatic Security has suspended the employee's security clearance.

In July 2018, the owner, chief executive officer, and former president of a Texas construction company was sentenced to 18 months in prison for defrauding the Department of \$1.37 million. In January 2018, a co-conspirator was sentenced to 15 months in prison after he pleaded guilty to an information charging him with conspiracy to defraud the United States, wire fraud, and conflicts of interest. The co-conspirator served as a senior contracts administrator for the Department at the outset of the criminal enterprise and, upon his departure from Government service in 2013, was majority owner and a company executive of the construction company involved in the fraud. OIG and Federal Bureau of Investigation (FBI) special agents determined that both individuals defrauded the Department in the course of securing and executing international business contracts involving specialized overseas construction projects in military zones and developing countries.

In June 2018, a New York man pleaded guilty to six counts of wire fraud in connection with committing Government contracting fraud. OIG and General Services Administration OIG special agents determined the individual was previously placed in proposed debarment status by the U.S. Department of Homeland Security for providing counterfeit goods and for a history of failure to perform or

unsatisfactory performance on contracts. After learning of his proposed debarment, the individual created a new company in order to continue obtaining Government contracts, including contracts awarded by the General Services Administration and U.S. Department of State, despite his ineligibility due to his proposed debarment status. The individual used an alias to falsely certify to the Government that he was not currently proposed for debarment. His company received 37 contracts worth approximately \$245,000 as a result of this false certification. In addition, he later created another company and used another alias to falsely certify that he was not presently debarred. This new company received seven contracts worth approximately \$60,000. In September 2018, the individual was sentenced to 6 months in prison followed by 2 years supervised release and was ordered to pay a \$600 special assessment fee.

In June 2018, a Costa Rican national pleaded guilty to theft of Government funds in Federal court. OIG special agents determined the individual used his position as president of a Costa Rican company to steal more than \$2 million in Government funds that were supposed to be transferred to a bank account maintained by the Department's Global Financial Services Center in Charleston, South Carolina. The company had been hired as a subcontractor to handle the processing of visa application fees for the United States Embassy in Costa Rica. As part of the scheme, the individual diverted the funds from a company bank account in Costa Rica to another Costa Rican account under his sole control. In September 2018, the individual was sentenced to 30 months in prison followed by 3 years supervised release and was ordered to pay \$293,832 in restitution.

In February 2018, a Romanian citizen, who previously served as a Department contractor, was sentenced to 3 years in prison for his role in a Government contract kickback scheme that caused a loss of more than \$3.4 million to the Department. Previously, in November 2017, this former Government contractor was convicted in the U.S. District Court for the Eastern District of Virginia for conspiring to violate the Anti-Kickback Act. OIG special agents determined the contractor conspired with others in 2011 to inflate the lease of real property in Iraq for use on a Department contract. The contractor's role included opening a bank account that was used to pay kickbacks directly to two other contractors, who earlier in 2017 were sentenced to prison—one for 4 years, the other for 3 years—for their roles in the conspiracy.

In March 2018, a German citizen living in the United States was indicted and arrested on a charge related to a scheme to defraud the Department of \$1.2 million. The individual's company had been awarded a grant to support and promote U.S. global internet freedom efforts under the guise that it was a 501(c)(3) nonprofit organization. OIG special agents determined the company was not a nonprofit organization and, thus, not eligible to apply for the grant. OIG also determined that much of the grant funds were spent on personal expenses.

In October 2017, a Department contract company agreed to pay a \$975,576 administrative settlement to resolve allegations that it knowingly provided false information to the Department. OIG special agents determined the company did not comply with contractual obligations to ensure that U.S. embassy local guard force personnel were adequately trained to contract specifications.

In September 2017, a Department contract company agreed to pay a \$200,000 settlement in order to resolve their mandatory disclosure report under provisions of the Federal Acquisition Regulation. OIG special agents and auditors discovered that the company had overcharged Embassy Santa Domingo for fuel. In that disclosure, the company's internal investigation concluded that it charged the Department for fuel not received.

In August 2017, a Department contract company agreed to pay a \$5 million settlement to resolve allegations that it knowingly failed to follow vetting requirements for personnel working in Afghanistan. OIG special agents determined the company did not comply with contractual obligations to conduct developed reference checks on applicants filling high-risk and armed positions. In addition, the settlement also resolved a lawsuit brought against the company by a former contract company manager under the qui tam, or whistleblower provisions, of the False Claims Act.

In June 2017, a former Government contractor was sentenced to 4 years in prison and ordered to pay \$3.4 million in restitution for his role in a Government contract kickback scheme. OIG special agents determined that the contractor orchestrated a conspiracy between multiple contract companies to inflate the lease of real property for use on a Department contract. Both the contractor and another associate received at least \$390,000 in kickback payments for their roles in the leasing scam. Earlier, in March 2017, two other individuals were charged for their roles in the conspiracy. One co-conspirator pled guilty in July 2017 and is scheduled for sentencing in October 2017. The other was extradited from Romania and is scheduled for a jury trial in November 2017.

In January 2017, a Government contractor pled guilty in the U.S. District Court for the District of Columbia to a charge of conspiracy to commit theft of Government property and wire fraud. As the manager of an auto restoration and collision center, the individual conspired

with both the shop owner and a Department employee to misappropriate and illicitly resell Department vehicles. From approximately 2011 to 2015, under an apparently legitimate Government contract to provide fleet services to the Department's Defensive Equipment and Armored Vehicle Division, these individuals misappropriated Department vehicles, totaling at least \$512,420 in value, and resold them while splitting the profits. The plea agreement requires the auto center manager to pay \$416,020 in restitution and an equal amount in forfeiture money judgment.

Embezzlement and Theft

In August 2020, a locally employed staff member at a U.S. embassy resigned pending a final decision on disciplinary action after his security certification was revoked. OIG special agents determined that while he was acting as a Grants Officer Representative, the former employee coerced payments from a grant recipient that were paid to himself and a local nongovernmental organization.

In April 2020, a locally employed staff member was terminated after stealing funds that were meant to support the embassy's social security organization. OIG and Diplomatic Security special agents learned that the former voucher examiner accepted cash deposits from the embassy employee recreation association and, instead of depositing the funds, kept the money to pay bills.

In July 2019, a grantee organization agreed to pay almost \$3.4 million to resolve allegations that it misused award funds from 2012 through 2016. Allegations included deliberately misrepresenting costs, fabricating records of expenditure, and diverting U.S. taxpayer funds. OIG and U.S. Agency for International Development OIG special agents investigated the case.

In May 2019, an employee of a Department grantee was ordered to pay \$23,000 in restitution and sentenced to probation and 50 hours of community service after entering a pre-trial diversion program through the State of New Jersey's Office of the Attorney General. OIG special agents determined that the employee altered scholarship grantee payment information in a grant program database from October 2017 to April 2018. She then had payment checks mailed to herself, forged the grantees' names, and endorsed the checks to herself. In March 2019, a former IT contractor for OIG pleaded guilty in U.S. District Court to theft and embezzlement of up to 16 Government computers. OIG special agents determined that from approximately July 2016 through February 2017, the employee sold the stolen computers on various Internet websites. Sentencing is pending.

In February 2019, a former Department employee was sentenced to 3 years of probation and was ordered to pay \$7,689 in restitution. OIG special agents determined the former employee submitted forged receipts for official travel while assigned to a U.S. Embassy overseas. The former employee pleaded guilty to submission of false claims in October 2018.

In January 2019, a former Department employee was issued a notice of indebtedness to the Department in the amount of \$39,436 for misappropriating funds. OIG special agents determined the former employee stole funds and diverted materials, such as floor tile and air conditioning units, obtained through legitimate Government purchase orders to complete a family member's home renovation project. The Bureau of Diplomatic Security revoked the employee's security clearance, and the employee resigned.

In November 2018, a former Department contractor was sentenced to 5 months in prison followed by 3 years of supervised release and ordered to pay \$33,370 in restitution. In July 2018, the contractor, who worked in Kandahar, Afghanistan, was convicted of three counts of theft and unauthorized sale of government property and one count of interstate transportation of stolen property. OIG and Special Inspector General for Afghanistan Reconstruction special agents determined that the former contractor stole and resold approximately \$48,900 worth of equipment that was meant for excess under the Foreign Excess Personal Property Program.

In October 2018, a former Department employee pleaded guilty to submission of false claims. OIG special agents determined that the former employee submitted false claims that may have exceeded \$100,000 while assigned to a U.S. embassy overseas. As part of the scheme, the former employee submitted forged receipts for expenses related to official travel in the United States and abroad.

In July 2018, a former Department contractor who worked in Kandahar, Afghanistan, was convicted of theft, unauthorized sale of Government property, and interstate transportation of stolen property. OIG and Special Inspector General for Afghanistan Reconstruction special agents determined that the former contractor stole and resold approximately \$48,900 worth of equipment that was meant for excess under the Foreign Excess Personal Property Program.

In May 2018, the director of a former Department subgrantee was debarred for embezzling approximately \$19,000 in Department funds. The grant, which was valued at \$29,000, was awarded in 2014 for the purpose of publishing a website providing independent local,

national, and international news inside Russia. OIG special agents determined that the organization's director withdrew approximately \$19,000 of the grant funds and fled from Russia to the United States, where he sought asylum. Before his debarment in April 2018, the director was suspended from conducting business with the U.S. Government, and his application for asylum was denied. In addition, the Department of Homeland Security placed him in removal proceedings.

In February 2018, six individuals were charged for their roles in an elaborate international advance fee and money-laundering scheme. It is alleged that the defendants impersonated bank executives and deceived victims into believing they would receive millions of dollars in investment funding as part of joint ventures with U.S. banks. To convince victims that the opportunities were legitimate, the perpetrators allegedly recruited U.S. citizens to pose as bank representatives at in-person meetings around the world, including having the impostors make sham visits to the local U.S. embassy and fabricating U.S. Government documents to give the appearance that the U.S. Government was sponsoring the investment agreements. The scheme allegedly resulted in losses of more than \$7 million from victims in more than 20 countries. To date, approximately \$446,000 in assets, all directly traceable to victims' payments have been seized. This total includes a house in Richmond, Texas, a 2014 Land Rover Range Rover, and almost \$50,000 in cash.

In January 2018, a former Department contractor was sentenced to 3 years of probation for the sale of Government property. Previously, in September 2017, the former contractor pled guilty to the theft and sale of Government property. OIG special agents determined that, from March 2016 through March 2017, the contractor unlawfully acquired ballistic vests and combat helmets valued at more than \$16,000 and sold and traded them online for other items.

In December 2017, the former owner of a transportation company that contracted with the Department pled guilty in the U.S. District Court for the Eastern District of Virginia to a charge of stealing approximately \$17,335 in Federal grant funds intended for a Department-maintained foreign exchange program. OIG and Federal Bureau of Investigation special agents determined the owner conspired with a Department official to steal portions of the \$247,200 grant by submitting false invoices for nonexistent vendors and inflated invoices for legitimate vendor services. Sentencing is scheduled for April 2018.

In September 2017, a former Department contractor pled guilty to the theft and sale of Government property. OIG special agents determined that, from March 2016 through March 2017, the contractor sold and traded online U.S. Government tactical equipment, including ballistic helmets and vests that were valued at more than \$16,000. Sentencing is scheduled for January 2018.

Employee Misconduct

In June 2021, a supervisory contract specialist for USAGM was suspended for 30 days for failure to follow standards of ethical conduct and multiple Federal Acquisition Regulation (FAR) violations. OIG special agents determined the employee awarded a family member sole source contracts and failed to disclose the relationship.

In November 2020, former Seabee Martin Huizar was sentenced to 109 months' incarceration and ordered to pay \$41,000 in fines and \$10,000 in restitution, along with serving a 10-year term of supervised release, for transportation of images of child sexual abuse on his phones and tablet computer. The OIG Special Assistant United States Attorney assigned to the Eastern District of Virginia prosecuted the case.

In September 2020, a Department employee received a 14-day suspension without pay and a warning letter that has placed his security clearance on probation for 2 years. OIG and Homeland Security Investigations special agents determined the employee illegally sponsored an H-1B U.S. non-immigrant visa for an accountant to work at a company he owned and operated outside of his Department position.

In July 2020, a security specialist from the Department's Naval Support Unit pleaded guilty to transporting child pornography. OIG and Homeland Security Investigations special agents determined he used his smartphone and two laptops, one or more of which were Department-issued electronic devices, to obtain explicit photos from the internet. Sentencing is pending.

In April 2020, the Department issued a letter of admonishment to a Financial Management Officer for showing poor judgment in the performance of official duties. OIG special agents determined that from November 2013 to June 2015, the employee approved funding in

the amount of \$28,569 for 11 purchase orders to a local company that employed the Financial Management Officer's spouse, creating the appearance of a conflict of interest.

In November 2019, Haroon Ullah, a former Senior Executive Service official serving as Chief Strategy Officer at USAGM, was sentenced to 3 months in prison and 3 years of supervised release and ordered to pay \$34,388 in restitution. He was also sentenced to 30 hours of community service, during which he will speak or write to senior-level Government employees to warn them about committing fraud against the Government while in a position of trust. In June 2019, he pleaded guilty to stealing more than \$40,000 in Government funds. After being alerted by USAGM leadership, OIG special agents investigated and confirmed the employee fraudulently obtained thousands of dollars by submitting falsified hotel invoices and inflated taxi and Uber receipts and by billing the Government for personal travel and travel that had already been paid by third parties. Additionally, he admitted to creating a falsified letter that claimed he needed to fly business class because of medical reasons, resulting in costly flight upgrades at Government expense.

In August 2019, a former Foreign Service Officer was sentenced to 40 years in Federal prison, followed by lifetime supervised release, for sexually abusing minors to produce child pornography and transporting those images to the United States. OIG and Homeland Security Investigations special agents, working with several law enforcement partners, determined the Department employee used an online file-sharing network from October 2014 to March 2018 to distribute child pornography. He also participated in online chats where he provided tips to others about how to meet and abuse minors in the Philippines.

In October 2018, a former Department employee was sentenced to 26 years in Federal prison for production of child pornography. OIG and FBI special agents, working with several law enforcement partners, determined that the employee conspired to produce more than 1,000 sexually explicit images and videos of minor children in Canada during a 2-year period. In July 2018, the former employee pleaded guilty to conspiring to produce child pornography and producing child pornography.

In October 2018, a senior Department employee was issued a letter of admonishment for failing to adhere to a post's official government vehicle use policy. OIG special agents determined the employee used a government vehicle more than 40 times to conduct personal business without filling out the required "daily vehicle use record."

In August 2018, a Department Contracting Officer and division chief were each issued a Letter of Admonishment for failure to follow policy and report suspected fraud to OIG. In 2017, OIG and FBI special agents determined that Department employees were engaged in a multi-level marketing scheme with a Department contractor. The failure to properly report the potential fraud meant that OIG did not become aware of the scheme until the violations were reported 14 months later by another source.

In July 2018, the Department debarred a former Government official, a company president, and two companies for their roles in a U.S. embassy bribery scheme. OIG special agents determined that a former Local Guard Force Coordinator, who had been terminated from his position at a U.S. embassy in July 2016, accepted a bribe of approximately \$1,375 from the president of two security companies in exchange for procurement information on a 2010 security contract solicitation.

In May 2018, a former Department program manager pleaded guilty to stealing Federal funds intended for a foreign exchange program. OIG and FBI special agents determined that, from February 2011 through March 2016, the former employee conspired with others to steal portions of \$247,200 in Federal grant funds allocated to a Department-maintained foreign exchange program by falsifying vendor-related invoices and creating fraudulent checks. Over the 5-year span, the former employee stole approximately \$17,335. In September 2018, the former Department official was sentenced to 13 months in prison followed by 3 years supervised release and was order to pay \$35,112 in restitution. In April 2018, the former owner of a transportation company and primary co-conspirator was sentenced to 14 months in prison followed by 3 years supervised release and ordered to pay \$17,335 in restitution.

In February 2018, a former Department employee was sentenced to 1 year of home confinement, 300 hours of community service, and 3 years of probation and was ordered to pay \$416,020 in restitution and an additional \$53,000 in a forfeiture judgment. The defendant pled guilty in November 2017 to a charge of conspiracy to commit theft of Government property and wire fraud. In January 2017, the manager of an auto restoration and collision center pled guilty to the same charges. OIG and Federal Bureau of Investigation special agents determined the individuals conspired to misappropriate and illicitly resell Department vehicles. From approximately 2011 to 2015, under a legitimate contract to provide fleet services to the Department's Defensive Equipment and Armored Vehicle Division, the individuals misappropriated Department vehicles, totaling at least \$512,420 in value, and resold them while splitting the profits. As an additional result of the investigation, the two individuals—along with two companies and a third individual—were debarred from doing business with the U.S. Government for a period of 3 years.

In December 2017, a former Department employee was sentenced to 1 year of probation and ordered to pay a \$125,000 fine for knowingly and willfully making false statements in his SF-86 Questionnaire for National Security Positions. Previously, in September 2017, the former employee pled guilty to false statements. The plea came after special agents from OIG and the Bureau of Diplomatic Security's Office of Special Investigations determined that the employee deliberately minimized the frequency of his gambling and extent of his losses, which from 2012 through 2015 amounted to hundreds of thousands of dollars. He also concealed a number of contacts with non-U.S. citizens living overseas. In addition to being sentenced and fined, he was court-ordered to attend mandatory gambling addiction classes and submit to random drug testing.

A Department employee, who was previously suspended for 8 days without pay and issued a warning letter, was ordered in October 2017 to repay \$2,726 in shipping costs for abusing Unaccompanied Air Baggage policies while transferring to a new duty post. OIG special agents determined that the employee attempted to ship as household effects 496 handbags and 78 handbag straps that were actually intended for a personally owned business. The employee did so to avoid paying shipping charges and customs duty on these commercial items.

In August 2017, a former Department contractor was sentenced to 24 months of probation and ordered to pay restitution of \$29,650. In March 2017, the former contractor pled guilty to theft of Government funds. The plea came after OIG special agents determined that, between July 1, 2015, and April 1, 2016, the contractor submitted false travel expense claims for hotel stays in excess of \$29,650 and converted the money for personal use. Prior to this plea, in 2016, a U.S. consulate locally employed staff member was terminated from her employment with the Department because of her role in the fraud scheme. In addition, both the former contractor and locally employed staff member, as well as the lodging provider owned by her, were debarred for a period of 3 years.

In July 2017, a Department Compliance Officer was suspended for 5 days, and the officer's security clearance was placed on probation for a period of 1 year because of misuse of a Government-issued travel card. OIG special agents determined the employee completed 526 cash advances without official travel authorizations, which were valued at \$256,800.

In June 2017, a former DS employee pled guilty to defrauding the U.S. Government of \$198,000 in funds paid under the Federal Employees' Compensation Act (FECA), commonly referred to as workers' compensation. OIG special agents determined the employee received FECA benefits while also serving as president of a company that received \$260,000 in Government contracts, including Department contracts. During this time, the company's gross profits exceeded \$2,078,219, and as company president, the former employee received \$370,000 in salary and other earnings. As part of his guilty plea, the individual agreed to pay full restitution and forfeiture of his FECA benefits. He also agreed to pay \$3,650 in restitution to the U.S. Department of Education for fraudulently obtained Federal Pell Grants. Sentencing is scheduled for October 2017.

In October 2016, a U.S. consulate suspended three locally employed staff members and terminated four for administrative violations in connection with their use of the Diplomatic Post Office and diplomatic pouch mail system. A joint OIG and DS Regional Security Office investigation determined the employees conspired to and illicitly utilized the system from 2008 through 2016 to import items from online commerce vendors with the goal of evading customs duties.

Visa Fraud/Other

In August 2020, a Department employee received a 14-day suspension without pay and a warning letter that has placed his security clearance on probation for 2 years. OIG and Homeland Security Investigations special agents determined the employee illegally sponsored an H-1B U.S. non-immigrant visa for an accountant to work at a company he owned and operated outside of his Department position.

In August 2020, a grantee, his company, and a senior executive were debarred for 3 years. OIG special agents determined the grantee claimed \$21,900 in salary for a position that did not exist on a grant. The Department disallowed and recovered the costs.

In June 2020, a former owner, his company, and the former vice president of sales were debarred for 5 years after being convicted in June 2019 of conspiring to defraud the Federal Government. OIG, FBI, and Homeland Security Investigations special agents determined that these defendants conspired to supply substitute body armor plates to a Federal Government contractor. This resulted in the delivery of plates that falsely claimed they conformed to certain specifications. In September 2019, the contractor replaced \$3,252,642 worth of non-conforming body armor with legitimate products.

In June 2020, the Department debarred a former contractor employee for theft. The former contractor employee was implementing two Department cooperative agreements to train local governments to carry out their legislative functions more effectively and to prepare for upcoming local and national elections. OIG and company investigators determined that the former contractor employee stole approximately \$172,000 from a company bank account. This person had signatory authority over the account and used that authority to withdraw the funds improperly. He later tried to conceal the withdrawal by preparing false bank statements. Previously, in July 2019, the company terminated this person's employment.

In June 2019, the Department debarred a total of seven vendors and individuals for systematically defrauding the U.S. Government. OIG special agents found that several companies and individuals associated with \$241,901 worth of Department contracts provided false information and improperly certified information in their System for Award Management and FedBid registrations.

In June 2019, the Department debarred two former locally engaged staff employees as well as two companies and their owners. OIG and DS special agents determined that, from 2013 through 2016, the employees used their official positions as procurement agents for personal gain when they accepted gratuities and cash payments of thousands of dollars in exchange for procuring particular products. The employees were terminated from their positions in 2016.

In May 2019, a Department purchasing agent and a vendor, as well as his company, were debarred by the Department for 3 years after a joint OIG and DS investigation determined that the purchasing agent accepted gifts from the vendor on multiple occasions in 2016 and 2017. In addition, special agents determined the vendor submitted a fictitious company procurement bid to improve his company's odds of winning another Government contract.

In April 2019, the U.S. District Court ordered a forfeiture in the amount of \$312,734 to recover the illegal proceeds of wire fraud, to which a former employee had pleaded guilty. In January 2019, the former Department employee was sentenced to 15 months in prison followed by a 3-year term of supervised release and ordered to pay \$244,884 in restitution for fraudulently discharging more than \$250,000 in student loan debt. The former employee applied through the Department of Education for a Total and Permanent Disability discharge of student loan debt, affirming that he was disabled and unable to work. OIG special agents determined, however, that he earned more than \$331,000 from two full-time jobs from May 2013 to October 2016.

In April 2019, a Department grant recipient and former professor at several major U.S. academic institutions was debarred for failure to perform in accordance with multiple grant provisions. OIG auditors and special agents determined that, while managing multiple awards, the grant recipient subcontracted work to both his spouse and stepson. In addition, while managing a separate award supporting the exchange of American, Tanzanian, and Kenyan trainers working on sports programs for young adults with disabilities, approximately \$38,288 worth of receipts submitted by the recipient were unsupported by proper documentation. The unallowable costs were returned in full to the Department.

In March 2019, the Department issued a letter of reprimand to a management counselor for failure to notify the Department's property survey board of suspected theft of U.S. Embassy property. OIG special agents determined the employee's careless performance of duties as the property management officer contributed to the overall lack of accountability at post. Previously, two other Department employees were issued letters of admonishment for their failure to comply with asset management protocols.

In March 2019, the Department debarred a former Department program manager and the former owner of a transportation company for 3 years each. Both individuals were previously convicted in U.S. District Court for conspiracy to commit theft of Government funds and honest services wire fraud.

In January 2019, a former Department employee was sentenced to 15 months in prison followed by a 3-year term of supervised release and ordered to pay \$244,884 in restitution for fraudulently discharging over \$250,000 in student loan debt. The former employee applied through the Department of Education for a Total and Permanent Disability discharge of student loan debt, affirming that he was disabled and unable to work. OIG special agents determined however, that he earned over \$331,000 from two full-time jobs from May 2013 through October 2016.

In December 2018, a Nigerian national was charged in a complaint for his role as the alleged ringleader of an international investment scheme. OIG and FBI special agents investigated this matter. As alleged in the complaint, perpetrators impersonated U.S. bank officials in person at U.S. embassies and over the internet and made false promises of investment funding. Proceeds of the scheme were allegedly laundered through U.S. bank accounts and diverted back to the scheme's perpetrators in Nigeria. Another Nigerian national

was charged in a separate case in October 2018, and seven other individuals (six from the U.S. and one from the Philippines) have been charged as part of the same investigation.

In December 2017, a U.S. citizen agreed to pay a \$25,000 civil settlement to resolve allegations that he knowingly submitted false information to the Department. OIG special agents determined that a U.S. embassy issued 13 immigrant work visas based on information submitted by the individual. However, none of the visa recipients actually worked for the sponsoring organization during their time in the United States.

In August 2017, an individual was sentenced to 27 months of imprisonment and 3 years of probation and was ordered to pay restitution of \$502,716. Additionally, the Federal Bureau of Investigation is leading forfeiture proceedings with respect to \$15,404 in assets. Previously, in April 2017, the individual pled guilty to wire fraud, theft of Government funds, and passport fraud. The charges stemmed from a 15-year scheme to fraudulently obtain \$366,716 in Federal financial aid through U.S. Department of Education programs and \$136,000 in Federal grant funds from the National Science Foundation. In addition, the individual made a false statement to receive a U.S. passport. The plea was obtained as the result of a joint OIG investigation with the OIGs from the Department of Education, the Social Security Administration, and the National Science Foundation.

In June 2017, the owner of a staffing agency and co-conspirators were sentenced for their roles in a nationwide fraud scheme designed to unlawfully profit from Department exchange visitor programs. Following a joint OIG and Department of Homeland Security investigation, special agents determined that more than 200 foreign nationals came to the United States believing that they would be part of the Department's Intern & Training Program. Rather than receiving the high-level managerial training they expected, the victims were sent to work in restaurants, hotels, and theme parks, receiving only a small portion of the wages they earned. The owner was sentenced to 26 months in Federal prison and ordered to pay restitution of \$815,570. His wife was ordered to pay restitution of \$815,570, his daughter was ordered to pay restitution of \$271,856, and both were sentenced to 5 years of probation.

In February 2017, following a grand jury indictment in 2016, a Federal jury convicted two co-conspirators on multiple counts, including conspiracy to defraud the Government and international smuggling of ancient artifacts into the United States from Pakistan. Following a joint investigation by OIG and Homeland Security Investigations, special agents determined that the two individuals—both of Santa Fe, New Mexico—used their legitimate business to import and sell illegal antiquities. The smuggling operation spanned from approximately 2007 through 2014. The individuals were also found guilty of obstructing justice and multiple counts of naturalizing and procuring U.S. citizenship by fraud.

In December 2016, following the earlier guilty pleas of two accomplices, a third individual was found guilty on three counts related to a conspiracy to defraud several Federal agencies by issuing numerous fraudulent bonds to insure Government construction contracts. A Federal jury convicted the defendant of major fraud, mail fraud, and false statements to a Federal agency. These convictions stemmed from his role in the fraud scheme that spanned from May 2008 to October 2010. The defendant was sentenced to 150 months in prison and ordered to pay joint restitution of \$4,165,221. In February 2017, the Government took administrative action to suspend the individual, along with one co-conspirator and eight entities, from Federal contracting. In addition, a third individual was debarred.

